

Message Text

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PAGE 01 LIMA 06897 251321Z

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 FEAE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 /085 W

----- 062124

R 231948Z AUG 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 6443

C O N F I D E N T I A L LIMA 6897

EO 11652: GDS

TAGS: EINV, EGEN, ENRG, PFOR, PE, US

SUBJ: PERUVIAN OIL - PROSPECTS DIM FOR FURTHER FINDS IN
NORTHERN JUNGLE

REFS: A) LIMA 6215, B) MUNRO-CORRY LTR 7/11/75,

C) LIMA 5070, D) LIMA 4155, E) LIMA 3839

1. KNOWLEDGEABLE U.S. OIL COMPANIES' EXECUTIVES HAVE INFORMED EMBASSY OFFICER THAT PHILLIPS' THIRD WELL (REF B) FAILED TO PROVE OUT (MAXIMUM 500 B/D) AND HAS BEEN CAPPED. PHILLIPS WILL NOW START DRILLING ITS FOURTH AND LAST WELL. HOWEVER, THIS WELL'S GEOLOGY IS LESS PROMISING THAN PHILLIPS' THIRD WELL, ON WHICH PHILLIPS HAD PLACED MOST OF ITS HOPES. FURTHER, THE OTHER TWO FOREIGN COMPANIES (SEE REF E) IN THE NORTHERN JUNGLE, WHICH HAD BEEN DRILLING, HAVE DECIDED TO WITHDRAW. SUN HAS DRILLED TWO WELLS (DRY) AND WILL NOT DRILL ITS OTHER TWO CALLED FOR IN ITS CONTRACT. RATHER IT WILL PAY THE FINES CALLED FOR BY THE CONTRACT. THE OTHER COMPANY WITH PROSPECTS IN THIS AREA - GETTY - HAS NOW COMPLETED ITS FOUR WELLS (NONE COMMERCIAL) AND WILL GO HOME.

2. COMMENT: UNLESS PHILLIPS' FOURTH WELL PROVES TO
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BE COMMERCIAL, OCCIDENTAL WILL BE THE ONLY FOREIGN

COMPANY IN THE NORTHERN JUNGLE WHICH CAN FURNISH
PETROLEUM TO THE NORTH-ANDEAN PIPELINE. OCCIDENTAL
CONTINUES NEGOTIATIONS WITH PETROPERU ON THE
THROUGH-PUT AGREEMENT, BUT DOES NOT EXPECT ANY DECISION
SOON. AT OXY'S REQUEST, EMBASSY HAS MAINTAINED REGULAR
CONTACT WITH OCCIDENTAL'S MANAGEMENT DURING THE LAST FEW
WEEKS, INFORMING IT IN GENERAL TERMS OF STATUS OF THE
MARCONA PROBLEM. OCCIDENTAL TELLS US THEY REMAIN
CONCERNED OVER THE MARCONA SITUATION, BUT HAVE NOT MADE
ANY DECISIONS YET REGARDING THEIR FUTURE (REF A).
DEAN

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Message Attributes

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Margaret P. Grafeld
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